Honolulu, Hawaii

February 28, 2014

RE: H.B. No. 1814 H.D. 2

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1814, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PAYMENT OF WAGES,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Clarify that employers may pay wages by direct deposit under certain conditions;
- (2) Prohibit employers from paying wages due to employees by pay cards, debit cards, automated teller machine cards, or similar means of electronic payment cards under certain circumstances; and
- (3) Make employers responsible for any fees imposed by a financial institution for the employee's use of a pay card, debit card, automated teller machine card, or similar means of electronic payment card.

The Department Of Labor and Industrial Relations, Office of Community Services, Department of Commerce and Consumer Affairs, Hawaii Laborers' Union, Sally Beauty Holdings, ILWU Local 142, and an individual testified in support of this measure. The Chamber of Commerce Hawaii, American Payroll Association, Hawaii Bankers Association, Hawaii Financial Services Association, and Visa

testified in opposition of this measure. First Data and Seven-Eleven Hawaii, Inc. provided comments on this measure.

Your Committee has amended this measure by, among other things:

- (1) Adding definitions for "pay card" and "pay card
 account";
- (2) Removing references to debit and automated teller machine cards from the measure;
- (3) Specifying that an employer may pay wages due to the employer's employees by use of a pay card or similar means of electronic payment card under certain circumstances;
- (4) Amending the criteria that must be met to pay wages by use of a pay card or similar means of electronic payment card to include that:
 - (A) The employee has voluntarily authorized, in writing, the payment of wages using a pay card or other similar means of electronic payment card;
 - (B) The pay card issued to the employee must be a network branded pay card;
 - (C) The employee must have the ability to withdraw the employee's full net wages at least once per payroll period without incurring any costs or fees;
 - (D) The employer must assume or other otherwise absorb any fees or costs imposed by a financial institution for certain services:
 - (E) None of the employer's costs associated with the pay card account may be passed on to its employees;
 - (F) The employer must ensure that the employee is provided liability protections against fraud associated with the use of an employer issued pay card or similar means of an electronic pay card; and

- (G) The employer must provide an employee a written notice form specifying certain information when offering an employee the option of receiving wages using a pay card or similar means of an electronic payment card;
- (5) Specifying that the Money Transmitters Act shall not apply to the use of pay cards as a means of paying wages under certain circumstances;
- (6) Changing the effective date to July 1, 2112, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1814, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1814, H.D. 2.

Respectfully submitted on behalf of the members of the Committee on Consumer Protection & Commerce,

ANGUS L.K. McKELVEY, Chair

State of Hawaii House of Representatives The Twenty-seventh Legislature

HSCR 180.14

Record of Votes of the Committee on Consumer Protection and Commerce

, , 	ommittee Referral: AB, CPC	Date 2	:: -124114	
☐ The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)				
2. KAWAKAMI, Derek S.K. (VC)		XX 19.44.4 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.1 1.		
3. BELATTI, Della Au				
4. BROWER, Tom			ERRETTE LEON MANGE AND	
5. CACHOLA, Romy M.				
6. CREAGAN, Richard				
7. EVANS, Cindy8. HAR, Sharon E.				
9. ITO, Ken				
10. LEE, Chris			<u> </u>	
11. NAKASHIMA, Mark M.				
12. OSHIRO, Marcus R.				
13. TSUJI, Clift	/			
14. YAMANE, Ryan I.	/	11 1	: :	
15. MCDERMOTT, Bob				
16. THIELEN, Cynthia				

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TOTAL (16)	1/			5
The recommendation is: Adopted If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				